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2	BEFORE THE ILLINOIS COMMERCE COMMISSION							
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4	IN THE MATTER OF:)							
5	<pre>ILLINOIS COMMERCE COMMISSION,))</pre>							
6	Complainant,)							
7	vs.) No. 10-0537							
8	COMMONWEALTH EDISON COMPANY,)							
9	Respondent.)							
10	Chicago, Illinois May 10, 2012							
11								
12	Met, pursuant to notice, at 10:00 a.m. BEFORE: TERRANCE HILLIARD, Administrative Law Judge							
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14								
15	APPEARANCES:							
16	ILLINOIS COMMERCE COMMISSION, by MR. JOHN C. FEELEY and							
17	MS. MEGAN McNEIL 160 North LaSalle Suite C-800							
18	Chicago, Illinois 60601 (312) 793-2877							
19	for Staff of the Illinois Commerce Commission;							
20								
21								
22								

1	EIMER STAHL, LLP, by MR. MARK R. JOHNSON							
2	224 South Michigan Avenue							
3	Suite 1100 Chicago, Illinois 60604 (312) 660-7600							
4	for Commonwealth Edison Company;							
5	ILLINOIS ATTORNEY GENERAL'S OFFICE, by MS. CATHY C. YU and							
6	MS. KAREN L. LUSSON 100 West Randolph Street 11th Floor							
7								
8	Chicago, Illinois 60601 (312) 814-1104							
9	for Office of the Illinois Attorney General.							
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21	SULLIVAN REPORTING COMPANY, by							
22	Auhdikiam Carney, CSR							

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2	Witnesses Divert	Q	Re-		-		
3	Witnesses: Direct MARTIN FRUEHE	cross	arrect	cross	Examiner		
4	39	46	61	65			
5	SCOTT TOLSDORF						
6	66	69			88		
7							
8							
9	<u>E X H I B I T S</u>						
10	Number For	Ident	ificatio	on_	In Evidence		
11	ComEd 1.0, 2.0, 2.1, 2.2, 2.3, 2.4, 3.0, 4.0, 4.1,						
12	5.0, 6.0, 7.0.						
13		40			48		
14	Staff Exhibits 2.0, 2.1, 2.4, 4.0, 4.1						
15		44			45		
16							
17	Staff Cross Exhibi	ts 1,	2				
18		48			60		
19	Staff Cross Exhibi	t 3					
		61			61		
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- 1 JUDGE HILLIARD: On behalf of the Illinois
- 2 Commerce Commission, I call Docket 10-0537. The
- 3 Commission on its own motion versus Commonwealth
- 4 Edison Company reconciliation of revenues collected
- 5 under Rider EDA with actual costs associated with
- 6 Energy Efficiency and Demand Response Programs.
- 7 Will the parties identify themselves
- 8 for the record, please.
- 9 MR. FEELEY: Representing Staff of the Illinois
- 10 Commerce Commission, John Feeley and Megan McNeil,
- 11 Office of General Counsel, 160 North LaSalle Street,
- 12 Suite C-800, Chicago, Illinois 60601.
- 13 MR. JOHNSON: And on behalf of Commonwealth
- 14 Edison Company, Mark R. Johnson, Eimer Stahl LLP, 224
- 15 South Michigan Avenue, Suite 1100, Chicago, Illinois
- 16 60604.
- 17 MS. YU: On behalf of the Office of the
- 18 Attorney General, Cathy Yu and Karen Lusson, 100 West
- 19 Randolph Street, Chicago, Illinois 60601.
- 20 JUDGE HILLIARD: All right. We have certain
- 21 matters we can take care of while they're getting
- 22 their equipment set up down in Springfield. Can we

- 1 begin with that.
- 2 MR. JOHNSON: Yes.
- 3 ComEd calls its first witness,
- 4 Mr. Martin Fruehe.
- 5 JUDGE HILLIARD: Everyone who's in the room or
- 6 can here my voice who is going to be a witness today,
- 7 please raise your hand to be sworn.
- 8 (Witnesses sworn.)
- 9 MARTIN FRUEHE,
- 10 called as a witness herein, having been first duly
- 11 sworn, was examined and testified as follows:
- 12 EXAMINATION
- 13 BY
- 14 MR. JOHNSON:
- 15 Q Mr. Fruehe, would you please state and
- 16 spell your full name for the record.
- 17 A Martin Fruehe, M-a-r-t-i-n F-r-u-e-h-e.
- 18 Q And by whom are you employed?
- 19 A Commonwealth Edison Company.
- 20 Q And what is your position there?
- 21 A I am manager of revenue policy.
- 22 Q Okay. And before you today I've provided

- 1 you with two documents, the first of which includes
- 2 an attachment. And are these documents your
- 3 previously designated rebuttal and surrebuttal
- 4 testimony?
- 5 A Yes.
- 6 Q Let's turn to your rebuttal testimony,
- 7 which is designated as ComEd Exhibit 4.0, which
- 8 constitutes 4 pages of narrative testimony and
- 9 Exhibit 4.1. Together these exhibits constitute your
- 10 rebuttal testimony; correct?
- 11 A That's correct.
- 12 Q And, Mr. Fruehe, did you prepare or cause
- 13 to be prepared under your direction or direct
- 14 supervision and control ComEd Exhibit 4.0?
- 15 A Yes.
- 16 Q And are there any additions or corrections
- 17 that you need to make to Exhibit 4.0?
- 18 A No.
- 19 Q And if I were to ask you the same questions
- 20 as they appear in ComEd 4.0 today, would you give
- 21 these same answers?
- 22 A Yes.

- 1 Q Thank you.
- Next let's turn to your surrebuttal
- 3 testimony, which is marked as ComEd Exhibit 6.0 and
- 4 includes 7 pages of narrative testimony; is that
- 5 correct?
- 6 A Yes.
- 7 Q And did you prepare or cause to be prepared
- 8 under your direct supervision and control ComEd
- 9 Exhibit 6.0?
- 10 A Yes.
- 11 Q And are there any additions or corrections
- that you need to make to Exhibit 6.0?
- 13 A No.
- 14 Q And if I were to ask you the same questions
- as they appear in ComEd Exhibit 6.0 today, would you
- 16 give these same answers?
- 17 A Yes.
- 18 Q Thank you.
- 19 MR. JOHNSON: Your Honor, before moving for
- 20 admission into evidence of Mr. Fruehe's exhibits, I
- 21 would also like to identify the other exhibits that
- 22 ComEd wishes to have admitted into evidence. These

- 1 include ComEd Exhibit 1.0, which is ComEd's Annual
- 2 Report to the Illinois Commerce Commission concerning
- 3 operation of Rider EDA for the period beginning
- 4 June 1, 2009, and extending through May 31, 2010,
- 5 filed on e-Docket August 31st, 2010.
- 6 Next is ComEd Exhibit 2.0, which is
- 7 the direct testimony of Michael S. Brandt, including
- 8 Exhibits 2.1 through 2.4 filed on August 31, 2010, on
- 9 e-Docket. Next is ComEd Exhibit 3.0, which is the
- 10 rebuttal testimony of Michael S. Brandt filed on
- 11 February 9th, 2012, on e-Docket. Following that is
- 12 ComEd Exhibit 5.0, the surrebuttal testimony of
- 13 Michael S. Brandt filed on April 19th, 2012, on
- 14 e-Docket. And finally ComEd Exhibit 7.0, the
- 15 affidavit of Michael S. Brandt filed May 9th, 2012,
- 16 on e-Docket.
- 17 And with that I would move for
- admission into evidence of ComEd Exhibits 1.0, 2.0,
- 19 2.1, 2.2, 2.3, 2.4, 3.0, 4.0, 4.1, 5.0, 6.0, and 7.0.
- 20 JUDGE HILLIARD: Any objections?
- 21 MR. FEELEY: No objection to Mr. Brandt's
- testimony and no objection to Mr. Fruehe's, subject

- 1 cross-examination.
- 2 JUDGE HILLIARD: Subject to cross-examination,
- 3 ComEd Exhibits 1 -- as enunciated by counsel will be
- 4 admitted into the record.
- 5 (Whereupon, ComEd Exhibit Nos.
- 6 1.0 through 7.0 were admitted
- 7 into evidence.)
- 8 MR. JOHNSON: Thank you.
- 9 MR. FEELEY: Steve, are you guys set?
- 10 THE WITNESS: No. We're still having technical
- 11 difficulties down here.
- MR. FEELEY: Do you want us to do our exhibits
- 13 that are not being subject to cross?
- 14 JUDGE HILLIARD: Yes.
- MS. McNEIL: Megan McNeil on behalf of Staff.
- 16 At this time Staff would like to move for admission
- 17 into the record ICC Staff Exhibit 2.0, which was the
- 18 direct testimony of Jennifer L. Hinman consisting of
- 19 a cover page, table of contents, 32 pages of
- 20 questions and answers, and it also included
- 21 attachments ICC Staff Exhibit 2.1 through 2.4.
- 22 Staff would also like to note for the

- 1 record that Ms. Hinman's direct testimony -- or
- 2 portions of Ms. Hinman's direct testimony were
- 3 stricken by the ALJ in the ALJ's ruling on November
- 4 29th, 2011. And then subsequently a corrected ALJ
- 5 ruling was issued on December 7, 2011, which sets
- 6 forth the particular lines and pages that were
- 7 stricken from Ms. Hinman's testimony. On March
- 8 22nd -- and Ms. Hinman's direct testimony was filed
- 9 on September 7, 2011, on e-Docket.
- 10 Staff would also like to move for the
- 11 admission of the rebuttal testimony of Jennifer L.
- 12 Hinman, which was filed on March 22nd, 2012, and was
- 13 marked as ICC Staff Exhibit 4.0 and consisted of a
- 14 cover page, table of contents, and 6 pages of
- 15 narrative. In support of Ms. Hinman's direct
- 16 testimony and rebuttal testimony, Staff had
- 17 previously filed the affidavit of Jennifer L. Hinman
- on e-Docket, which was identified as ICC Staff
- 19 Exhibit 4.1. This was filed on e-Docket on May 8th,
- 20 2012.
- 21 With that, Staff moves for the
- 22 admission of those previously mentioned exhibits.

- 1 JUDGE HILLIARD: Any objections?
- 2 MR. JOHNSON: Just subject to the ALJ's ruling
- 3 on the motion to strike the testimony and -- I guess
- 4 we don't have cross for Jennifer, so no other
- 5 objections.
- 6 JUDGE HILLIARD: Okay. Staff Exhibit 2.0 as
- 7 redacted and Exhibits 2.1 and 2.4, 4.0, and 4.1 will
- 8 be admitted into the record.
- 9 (Whereupon, Staff Exhibit
- Nos. 2.0, 2.1, 2.4, 4.0, and
- 11 4.1 were admitted into
- 12 evidence.)
- MS. McNEIL: In addition, Judge, Staff would
- 14 ask you to take administrative notice of Rider EDA,
- which is a tariff currently on file with the
- 16 Commission.
- JUDGE HILLIARD: Do you have any objection to
- 18 that?
- 19 MR. JOHNSON: No objection.
- 20 JUDGE HILLIARD: Okay. Rider EDA will be
- 21 admitted, subject to administrative notice.
- So we can begin here?

- 1 MR. FEELEY: I think we're set.
- JUDGE HILLIARD: Is that correct, Springfield?
- 3 We can begin?
- 4 THE WITNESS: Yes, your Honor.
- 5 JUDGE HILLIARD: Who's up first?
- 6 MR. JOHNSON: ComEd tenders Mr. Fruehe for
- 7 cross-examination.
- 8 CROSS-EXAMINATION
- 9 BY
- 10 MR. FEELEY:
- 11 Q Good morning, Mr. Fruehe. My name is John
- 12 Feeley and I represent Staff along with
- 13 Ms. McNeil. I have a few questions for you.
- 14 A Good morning.
- 15 Q If I could direct you to your rebuttal
- 16 testimony, Pages 5 and 6.
- 17 A Okay.
- 18 Q You see in your testimony there that you
- 19 state that one of the funding key performance
- 20 indicators, the KPI, is the focussed initiatives and
- 21 environmental index?
- JUDGE HILLIARD: What lines are you referring

- 1 to, John?
- 2 MR. FEELEY: 108 to 113.
- JUDGE HILLIARD: Thank you.
- 4 BY MR. FEELEY:
- 5 Q Do you see that?
- 6 A Yes, I do.
- 7 Q Okay. And you state that KPI includes a
- 8 measure of energy efficiency savings achieved through
- 9 ComEd's Energy Efficiency Programs.
- 10 Do you see that?
- 11 A Yes.
- 12 Q And you also state that the efforts and
- 13 contributions of the employees, including incremental
- 14 employees, are critical to ensuring ComEd achieves
- this operation KPI?
- 16 A That's correct. Yes.
- 17 Q And you attached to your rebuttal testimony
- that 2010 AIP, annual incentive plan; correct?
- 19 A Yes.
- 20 Q There was also a 2009 Annual Incentive
- 21 Program; correct?
- 22 A Yes, there was.

- 1 O And both the 2009 and the 2010 have an
- 2 impact on this Rider reconciliation period; correct?
- 3 A Yes.
- 4 MR. FEELEY: Can I approach the witness?
- 5 JUDGE HILLIARD: Please.
- 6 This is Cross Exhibit 1?
- 7 MR. FEELEY: Yes. And this is going to be
- 8 marked 2.
- 9 JUDGE HILLIARD: Okay.
- 10 (Whereupon, Staff Cross Exhibit
- Nos. 1 and 2 were marked for
- identification.)
- 13 MR. FEELEY: Let the record reflect that I've
- 14 handed to the ALJ, the witness, and counsel two
- 15 documents. The first which has been marked for
- 16 identification as ICC Staff Cross Exhibit No. 1, the
- 17 cover page says, 2009 Annual Incentive Program. And
- 18 the second document has been marked for
- 19 identification as ICC Staff Cross Exhibit No. 2 and
- 20 is identified on the cover page as the 2010 Annual
- 21 Incentive Program.

- 1 BY MR. FEELEY:
- 2 Do you have those documents in front of you, Mr.
- 3 Fruehe?
- 4 A Yes.
- 5 Q And actually attached to your rebuttal
- 6 testimony is your Exhibit 4.1, the 2010 Annual
- 7 Incentive Program; correct?
- 8 A That's correct.
- 9 O And that I've marked as Staff Cross Exhibit
- 10 No. 2.
- So you're familiar with both Staff
- 12 Cross Exhibit No. 1 and No. 2; correct?
- 13 A Yes.
- Q Mr. Fruehe, do you agree that the 2009 AIP
- 15 plan did not include as part of the focussed
- initiative and environmental index KPI, any energy
- 17 savings?
- 18 A As part of the 2009 plan, no, it did not.
- 19 Q So the 2009 plan didn't include those; is
- 20 that correct?
- 21 A Not specifically, no.
- 22 Q So you agree that they're not included in

- 1 the 2009 plan?
- 2 A The energy efficiency focus initiative was
- 3 not part of the 2009 plan.
- 4 O Okay. And the focused initiatives and
- 5 environmental index KPI was revised in the 2010 AIP
- 6 to include the energy savings component; is that
- 7 correct?
- 8 A Yes, it was.
- 9 Q And the goal weighting of the expanded
- 10 focussed initiative and environmental index KPI under
- 11 the 2010 AIP plan was 15 percent; is that correct?
- 12 A Yes, it was.
- 13 Q If you could look at Page 8 of Staff Cross
- 14 Exhibit No. 2, the 2010 AIP plan.
- JUDGE HILLIARD: What page?
- MR. FEELEY: Page 8.
- 17 BY MR. FEELEY:
- 18 Q Do you see in the middle of the page
- 19 there's a bolded section that says, Focused
- 20 Initiatives and Environmental Index?
- 21 A Yes.
- Q Would you agree that the Focused

- 1 Initiatives and Environmental Index KPI in the 2010
- 2 AIP plan consists of specific work plan objectives
- 3 including the following: 2010 Summer Critical
- 4 Program; Top Priority Circuit Program; Underground --
- 5 or URD Cable Program; Distribution Automation;
- 6 Substation Transformer Maintenance Template Program;
- 7 Vegetation Management for Distribution and
- 8 Transmission Program; Revenue Protection Initiative;
- 9 Smart Meter Customer Satisfaction; Customer Service
- 10 Technology Improvements; GHG Net Emissions; Net MWH
- 11 (EEPS) Saved, and Dollars Per KWH (EEPS)?
- 12 A Yes. That's correct.
- 13 Q Mr. Fruehe, would you agree that energy
- 14 efficiency employees do not do underground cable
- 15 program work?
- 16 A Yes. I would agree with that.
- 17 Q Mr. Fruehe, would you also agree that
- 18 energy efficiency employees do not do substation
- 19 transformer maintenance work?
- 20 MR. JOHNSON: I'm just going to object to this.
- 21 This is subject to him knowing what people do in
- these different departments because we didn't offer

- 1 him as a witness to testify about what these
- 2 different employees might or might not do in these
- 3 different departments.
- 4 JUDGE HILLIARD: If he knows the answer, he can
- 5 answer. Overruled.
- Go ahead. Answer the question, if
- 7 you're going to answer it.
- 8 THE WITNESS: I would say, to my knowledge,
- 9 these employees do not perform those functions.
- 10 BY MR. FEELEY:
- 11 Q Mr. Fruehe, would you also agree that
- 12 energy efficiency employees do not do vegetation
- 13 management for distribution and transmission work?
- 14 A To the best of my knowledge, no, they
- 15 don't.
- 16 Q Mr. Fruehe, would you agree that of the 13
- 17 specific work plan objectives that make up the
- 18 Focused Initiatives and Environmental Index KPI, only
- 19 the Net MWH Saved and the Dollars KWH are directly
- impacted by energy efficiency employees?
- 21 A I would say in general, yes; but we all
- 22 play a part in budgeting and keeping costs under

- 1 control to be able to fund the rest of the
- 2 initiatives that are listed there.
- 3 Q Mr. Fruehe, can I direct you to, again, to
- 4 Page 6 of your testimony, Lines 112 and 113.
- 5 A Okay.
- 6 Q You state the following: The efforts and
- 7 contributions of the employees, including incremental
- 8 employees, are critical to ensuring ComEd achieves
- 9 this operation KPI; is that correct?
- 10 A Yes.
- 11 Q And the KPI that you're referring to is the
- measure of energy efficiency savings through ComEd's
- 13 Energy Efficiency Programs; is that correct?
- 14 A Yes.
- 15 Q Mr. Fruehe, would you agree that energy
- 16 efficiency employees who are not incremental energy
- 17 efficiency employees, could have an impact on Net MWH
- 18 Saved and Dollars per KWH?
- 19 A Can you repeat the question. I believe you
- 20 said not incremental employees.
- Q Would you agree that energy efficiency
- 22 employees who are not incremental energy efficiency

- 1 employees, could have an impact on the Net MWH Saved
- 2 and the Dollars per KWH?
- 3 A I am not that familiar with the employees
- 4 who are not energy efficiency employees.
- 5 Q Well, let's look at your testimony there at
- 6 Lines 112 through 113.
- 7 When you say the efforts and
- 8 contributions of the employees including incremental,
- 9 aren't you just talking about more than just
- incremental employees?
- 11 A I think in my testimony here I was
- 12 clarifying the employees that I was referring to as
- 13 being the incremental employees, but there may be
- other employees who perform energy efficiency
- 15 matters.
- 16 Q And they have an impact on that KPI, those
- 17 other nonincremental energy efficiency employees.
- 18 That's what your testimony is saying there; correct?
- 19 A Well, like I said, my testimony here, I was
- 20 referring to the incremental employees; but the other
- 21 employees may have an impact on energy efficiency
- 22 goals.

- 1 Q But in your testimony, you say those other
- 2 employees are critical to ensuring ComEd achieves
- 3 that KPI; correct? Are you changing your testimony?
- 4 A No, I was just clarifying --
- 5 Q All right. Thank you.
- 6 Go down to -- I'm sorry -- your
- 7 surrebuttal testimony, Page 6. I'm looking at the
- 8 question on Line 115.
- 9 A Okay.
- 11 beginning at Line 115, you address the question of
- 12 how ComEd's AIP is tailored to energy efficiency
- 13 employees; is that correct?
- 14 A Yes.
- Q And you begin by saying that, Each
- 16 employee's AIP is subject to an individual multiplier
- 17 which is based upon how well an employee meets his or
- her goals in a particular year; is that correct?
- 19 A Yes. That's what it says.
- 20 Q And you indicate that if an employee fails
- 21 to meet his or her goals, his or her compensation
- will be less than a hundred percent; is that correct?

- 1 A Yes.
- 2 Q Mr. Fruehe, would you agree that under the
- 3 AIP plan, compensation -- strike that.
- 4 Would you agree that under the AIP
- 5 plan, the compensation under the AIP, if an employee
- fails to meet his or her goals, will never be zero?
- 7 A I wouldn't agree with that.
- 8 Q All right.
- 9 JUDGE HILLIARD: When would it be zero?
- 10 THE WITNESS: If an employee receives a -- what
- 11 we call "C" rating, in other words, the employees can
- 12 be rated A, B, or C for the year. An employee with a
- "C" rating may not receive any incentive
- 14 compensation.
- 15 BY MR. FEELEY:
- 16 Q And you're saying that's per the plan?
- 17 A I believe so, yes.
- 18 Q Can you look at Staff Cross Exhibit No. 2.
- 19 A Okay.
- 20 Q And if you can look at Page 10.
- 21 A Okay. I have it.
- 22 Q On Page 10 is a sample word calculation;

- 1 correct?
- 2 A That's correct.
- 3 Q And it has all the terms, the important
- 4 terms of the 2010 AIP plan; correct?
- 5 A That's correct.
- 6 Q So you're familiar with all the
- 7 calculations appearing on Page 10?
- 8 A Yes.
- 9 Q There's a few steps that are identified on
- 10 the Page 10; correct? There's Step 1(a), 1(b), 1(c),
- 11 Step 2, and Step 3; correct?
- 12 A That's correct.
- 13 Q If you can look at Step 3, would you please
- 14 read that.
- 15 A Step 3 says, Apply the individual
- 16 performance multiplier to the base award to determine
- 17 the final AIP award.
- 18 Q And down below that there's another Step 3.
- 19 Can you read that.
- 20 A Step 3 says, Multiply the base award by the
- 21 IPM, individual performance multiplier. The IPM can
- 22 range between 50 and 120 percent.

- 1 Q Nowhere in there does it say multiply it by
- 2 a percentage of zero, does it?
- 3 A No, it does not.
- 4 Q Okay. So according to that formula,
- 5 someone is always going to get at least 50 percent of
- 6 the base award; correct?
- 7 A According to this formula, right.
- 8 Q And that's the formula in the plan?
- 9 A Yes, it is.
- 10 Q Okay. So someone is always going to get
- 11 some incentive. They're not going to get zero as
- 12 you've just testified to, are they?
- 13 A That's correct.
- 14 Q And can you look at Staff Cross Exhibit
- No. 1, Page 9 there. Look at Step 3.
- 16 A Okay.
- 17 Q Do you have that?
- 18 A Yes.
- 19 O Step 3 on Staff Cross Exhibit No. 1 is
- 20 exactly the same as Step 3 on Cross Exhibit No. 2;
- 21 correct?
- 22 A Yes. That's correct.

- 1 Q So according to the plan, if there's an
- 2 employee who is the lowest performing employee, that
- 3 person would always receive at least a multiplier of
- 4 50 percent; correct?
- 5 A That's correct.
- 6 Q And using Staff -- looking at Staff Cross
- 7 Exhibit No. 2 in that example there, on Page 10
- 8 there's a preliminary AIP award of \$6,090.
- 9 Do you see that?
- 10 A Yes, I do.
- 11 Q Okay. So a low performing employee would
- 12 get 50 percent of that; correct?
- 13 A Yes. That's correct.
- 14 O So they get about \$3,045?
- 15 A That would be correct.
- MR. FEELEY: At this time, Staff would move to
- 17 admit into evidence ICC Staff Cross Exhibit No. 1 and
- 18 No. 2. No. 1 is the 2009 AIP plan, and No. 2 is the
- 19 2010 AIP plan.
- 20 JUDGE HILLIARD: Objection.
- MR. JOHNSON: No objections, subject to
- 22 redirect of Mr. Fruehe.

- JUDGE HILLIARD: Subject to redirect, Staff
- 2 Cross Exhibits 1 and 2 will be admitted into
- 3 evidence.
- 4 (Whereupon, Staff Cross Exhibit
- Nos. 1 and 2 were admitted into
- 6 evidence.)
- 7 MR. FEELEY: And if I can approach the witness
- 8 and the ALJ. I have one more Staff cross exhibit.
- 9 (Whereupon, Staff Cross Exhibit
- No. 3 was marked for
- identification.)
- 12 BY MR. FEELEY:
- 13 Q I've provided to the witness and to the ALJ
- 14 and the court reporter, a document that I've asked to
- 15 be marked for identification as Staff Cross
- 16 Exhibit 3. It's a multi-page document. It's the
- 17 Company's supplemental response to Staff Data Request
- 18 ST 2.04 and it has attached to it Supplemental
- 19 Attachment 1 Public. And I have no questions on this
- 20 particular Staff Cross Exhibit; but it's my
- 21 understanding by agreement with the company, they
- 22 have no objection of this going into evidence if we

- 1 have no objection to another data request that they
- 2 will introduce at a later time.
- JUDGE HILLIARD: Is that correct?
- 4 MR. JOHNSON: That is correct.
- 5 THE COURT: Staff Cross Exhibit 3.0 will be
- 6 admitted into evidence.
- 7 (Whereupon, Staff Cross Exhibit
- No. 3.0 was admitted into
- 9 evidence.)
- 10 MR. FEELEY: Can we go off the record just for
- 11 a second.
- 12 JUDGE HILLIARD: Sure.
- 13 (Whereupon, a discussion was had
- off the record.)
- MR. FEELEY: Staff has no further cross of
- 16 Mr. Fruehe.
- 17 JUDGE HILLIARD: Any redirect?
- 18 MR. JOHNSON: Yes, I do.
- 19 REDIRECT EXAMINATION
- 20 BY
- MR. JOHNSON:
- Q Mr. Fruehe, Mr. Feeley just asked you some

- 1 questions about this individual performance
- 2 multiplier that's reflected in the AIP; is that
- 3 correct?
- 4 A Yes.
- 5 JUDGE HILLIARD: Are you referring to a
- 6 specific exhibit there?
- 7 MR. JOHNSON: Yes, I'm actually referring to
- 8 both Staff Cross Exhibits 1 and 2, and I'll start
- 9 with Staff Cross Exhibit 2 on Page 6 of that exhibit.
- 10 JUDGE HILLIARD: All right.
- 11 BY MR. JOHNSON:
- 12 Q Mr. Fruehe, did Mr. Feeley ask you about
- the description of the individual performance
- 14 multiplier and award range on this page?
- 15 A No.
- 16 Q Okay. I'd like for you to read for us the
- intro sentence there and then the first bullet,
- 18 please.
- 19 A Once ComEd's performance is determined, the
- 20 amounts of your individual award is determined based
- on your target incentive opportunity and your
- 22 individual multiplier. First bullet, The annual

- 1 performance review process determines your individual
- 2 performance multiplier, IPM, based on your individual
- 3 performance and your personal contribution to the
- 4 team during the year. The IPM can range from
- 5 50 percent to 120 or zero percent relative to your
- 6 annual performance rating on a 5 point rating scale,
- 7 A, B+, B, B-, and C.
- 8 Q Thank you.
- 9 And can you just summarize for us in
- 10 your own words how this 5 point rating scale plays
- into whether you receive a zero percent award or up
- 12 to 120 percent award.
- 13 A Yes.
- 14 Those who have high performance
- ratings such as a "A" or "B+" are likely to get
- 16 something above 100 percent. Those with a "B-" to a
- 17 "C" rating are likely to get something less than 100
- 18 percent. And, in fact, if you are on a performance
- improvement plan and receive a "C" rating, you can
- 20 get zero AIP for the year.
- 21 Q And now that you've reviewed this language,
- 22 would you like to correct your testimony that you

- 1 offered on cross-examination initially with
- 2 Mr. Feeley?
- 3 A Yes.
- 4 Q And what would you like to correct?
- 5 A I would like to correct the discussion of
- 6 the 50 percent being the minimum pay out.
- 7 Q And what, in fact, can be the minimum
- 8 payout under the AIP?
- 9 A As it states here, zero percent can be the
- 10 minimum pay out.
- 11 Q Thank you.
- 12 JUDGE HILLIARD: So it could be zero, if you're
- on a performance improvement plan and you get a "B-"
- or a "C"; is that right?
- THE WITNESS: That's correct, your Honor. And,
- 16 in fact, if I can direct you to the third bullet of
- 17 that section, it says, You will not receive an award
- if your year end performance ratings does not meet
- 19 expectations or its equivalent and you are placed on,
- 20 but do not successfully complete the performance
- 21 improvement plan by year end.
- JUDGE HILLIARD: But if you do get an award,

- 1 it's going to be a minimum of 50 percent.
- THE WITNESS: Yes. That's correct.
- JUDGE HILLIARD: All right.
- 4 MR. JOHNSON: Your Honor, if I can just ask a
- 5 follow-up question.
- 6 BY MR. JOHNSON:
- 7 Q If you do get an award, does that mean you
- 8 have to be within that range of grading from A to C?
- 9 A Yes, you have to be in that -- those are
- 10 the only ratings. Yes.
- 11 Q And, Mr. Fruehe, does this same individual
- 12 performance multiplier feature also appear in what is
- 13 Staff Cross Exhibit 1, the 2009 Annual Incentive
- 14 Program?
- 15 A Yes, it does.
- 16 Q Thank you.
- 17 MR. JOHNSON: Nothing further from ComEd.
- 18 JUDGE HILLIARD: Recross?
- 19 RECROSS-EXAMINATION
- 20 BY
- 21 MR. FEELEY:
- 22 Q Mr. Fruehe, you can look at Staff Cross

- 1 Exhibit No. 1, the 2009 AIP plan at Page 5.
- 2 A Okay.
- 3 Q In the 2009 plan, there's no language in
- 4 the plan about a zero percent, is there?
- 5 A On Page 5, the bottom bullet.
- 6 Q Do you see the first bullet below
- 7 individual performance multiplier and award range?
- 8 The first bullet starts out, The annual performance
- 9 review process.
- 10 A Yes, I see that.
- 11 Q And in there -- in the 2009 plan, the range
- was from 50 percent to 120 percent. There's no
- mention in the plan of zero percent, is there?
- 14 A The second bullet continues on to talk
- 15 about how you can receive zero percent.
- 16 Q And on Staff Cross Exhibit No. 2, there's a
- 17 Footnote 1. Do you see that?
- 18 A Yes.
- 19 O The IPM range for excellent officers and
- 20 certain senior subsidiary officers.
- Do you see that?
- 22 A I see Footnote 1. Yes.

- 1 Q And their range is 50 percent to
- 2 110 percent. There is no mention of zero percent for
- 3 those employees, is there?
- 4 MR. JOHNSON: I think that mischaracterizes the
- 5 plan because the footnote --
- 6 MR. FEELEY: Excuse me.
- 7 JUDGE HILLIARD: Let him ask his question and
- 8 you can do what you want on redirect.
- 9 THE WITNESS: Can you please repeat the
- 10 question.
- 11 BY MR. FEELEY:
- 12 Q Footnote 1 talks about an IPM range for
- 13 excellent officers and certain senior subsidiary
- 14 officers being 50 to 110 percent; correct?
- 15 A That's what Footnote 1 says, yes.
- 16 Q And there's no mention of a zero percent
- for those individuals, is there?
- 18 A I believe it applies -- the other bullets
- 19 apply to senior executives as well. I don't see
- 20 anything that says that your bullets exclude senior
- 21 executives.
- 22 Q So that footnote has no meaning?

- 1 Is that what you're saying?
- 2 A No.
- 3 Q So the footnote does have a meaning;
- 4 correct?
- 5 A Yes. It clarifies the range. If there is
- 6 going to be a range for a senior executive, it's
- 7 going to be 50 to 110 percent.
- 8 Q And according to that footnote, the range
- 9 for those individuals starts at 50 percent, it
- 10 doesn't start at zero percent; correct?
- 11 A Well, this footnote --
- 12 Q Can you answer the question, please.
- 13 A The range of the payout, if there is to be
- 14 a payout just as it says in the footnote in the first
- bullet, the range is 50 to 120 percent for employees,
- 16 50 to 110 percent for the excellent officers.
- 17 MR. FEELEY: That's all I have.
- 18 JUDGE HILLIARD: Any re-redirect?
- 19 MR. JOHNSON: Nothing further.
- 20 JUDGE HILLIARD: Okay.
- You are excused. Thank you very much.
- Does the Company have anymore

- 1 witnesses?
- 2 MR. JOHNSON: The Company has nothing further,
- 3 your Honor.
- 4 JUDGE HILLIARD: Do you have a witness?
- 5 MS. McNEIL: Yes, Judge.
- 6 Staff would like to call Scott
- 7 Tolsdorf.
- JUDGE HILLIARD: Mr. Tolsdorf, would you take
- 9 the witness stand, please. I believe you've been
- 10 previously sworn; is that correct?
- 11 THE WITNESS: Yes, your Honor.
- 12 SCOTT TOLSDORF,
- 13 called as a witness herein, having been first duly
- 14 sworn, was examined and testified as follows:
- JUDGE HILLIARD: Do you have preliminary
- 16 questions for Mr. Tolsdorf?
- 17 MS. McNEIL: We would like to go over his
- 18 testimony.
- 19 JUDGE HILLIARD: Okay.

20

21

22

- 1 DIRECT EXAMINATION
- 2 BY
- 3 MS. McNEIL:
- 4 Q Mr. Tolsdorf, would you please state your
- 5 name and spell your last name for the court reporter.
- 6 A My name is Scott Tolsdorf, T-o-l-s-d-o-r-f.
- 8 been marked for identification as ICC Staff
- 9 Exhibit 1.0, which consist of a cover page, 8 pages
- of narrative testimony, schedules 1.1 through 1.3 and
- is titled "The Direct Testimony of Scott Tolsdorf"?
- 12 A Yes, I do.
- 13 Q Do you also have before you a document
- 14 which has been marked for identification as ICC Staff
- 15 Exhibit 3.0, which consists of a cover page,
- 16 narrative testimony, schedules 3.1 through 3.2, and
- 17 is titled "The Rebuttal Testimony of Scott Tolsdorf"?
- 18 A Yes, I do.
- 19 Q Did you prepare those documents for
- 20 presentation in this matter?
- 21 A Yes, I did.
- 22 Q Do you have any corrections to make to ICC

- 1 Staff Exhibit 1.0 or 3.0?
- 2 A No, I do not.
- 3 O Is the information contained in ICC Staff
- 4 Exhibits 1.0 and 3.0 true and correct to the best of
- 5 your knowledge?
- 6 A Yes, it is.
- 7 Q If I were to ask you the same questions
- 8 today as set forth in ICC Staff Exhibits 1.0 and 3.0,
- 9 would your responses be the same?
- 10 A Yes, they would.
- MS. McNEIL: Your Honor, at this time I would
- 12 like to move for admission into evidence ICC Staff
- Exhibits 1.0 and 3.0, including the attached
- 14 schedules. These documents were filed on e-Docket on
- 15 September 7th, 2011, and March 22nd, 2012,
- 16 respectively.
- 17 JUDGE HILLIARD: Objections?
- 18 MR. JOHNSON: No objections, subject to cross.
- 19 JUDGE HILLIARD: Okay. Staff Exhibits 1.0 and
- 3.0, plus attached schedules will be admitted into
- 21 record.

- 1 (Whereupon, Staff Cross Exhibit
- Nos. 1.0 and 3.0 were admitted
- into evidence.)
- 4 MS. McNEIL: Thank you, your Honor.
- 5 Mr. Tolsdorf is now available for
- 6 cross-examination.
- 7 JUDGE HILLIARD: Proceed, Counsel.
- 8 MR. JOHNSON: Thank you.
- 9 CROSS-EXAMINATION
- 10 BY
- MR. JOHNSON:
- 12 Q Good morning, Mr. Tolsdorf.
- 13 A Good morning.
- 14 O My name is Mark Johnson. I'm an attorney
- 15 representing ComEd in this docket. This morning I
- 16 would like to ask you some questions regarding your
- 17 pre-filed testimony in this docket. Just some
- 18 preliminary questions.
- Mr. Tolsdorf, is it fair to say that
- 20 the present case involves the reconciliation of
- 21 revenues collected under Rider EDA with the actual
- 22 cost incurred during plan year two?

- 1 A Yes. That is correct.
- 2 Q And when we talk about plan year two, we're
- 3 talking about the period, I believe, that covers
- 4 June 1, 2009, through May 31, 2010; is that correct?
- 5 A That is correct.
- 6 Q And with respect to the actual cost
- 7 incurred, those costs might include, for example, the
- 8 cost to implement and administer the Energy
- 9 Efficiency Programs; is that right?
- 10 A That's correct.
- 11 Q Okay. And I believe in your testimony you
- 12 refer to the employees that work on these Energy
- 13 Efficiency Programs and whose costs are recovered
- 14 through Rider EDA as incremental EE employees or
- energy efficiency employees; is that right?
- 16 A I believe so, yes.
- 17 Q And then these employees, these incremental
- 18 EE employees generally work in the Energy Efficiency
- 19 Department at ComEd; is that right?
- 20 A That's correct.
- 21 Q Okay. And that department at ComEd is just
- one of several different departments that comprise

- 1 ComEd; is that correct?
- 2 A That's correct.
- 3 Q Okay. So in this docket, if I understand
- 4 your disallowance correctly, your proposing to
- 5 disallow approximately \$263,000 of costs that were
- 6 incurred by ComEd associated with these incremental
- 7 EE employees; is that right?
- 8 A That's correct.
- 9 Q And those costs in particular are the
- 10 incentive compensation costs that are paid to these
- incremental EE employees during plan year two; is
- 12 that correct?
- 13 A That's correct.
- 14 O I'd like to turn to your direct testimony
- to Page 3, in particular, at Lines 48 through 51. I
- 16 believe there you claim that these incentive
- 17 compensation costs should be disallowed because,
- 18 ComEd has failed to show how its incentive
- 19 compensation costs relate to energy efficiency or EE
- 20 or how its annual incentive plan, or AIP, has been
- 21 tailored for its EE employees as intended by the
- 22 Commission in the proceeding that established the EE

- plan for ComEd; is that correct?
- 2 A That's correct.
- 3 Q Okay. And then if we just drop down a
- 4 line, I think, in your direct, the proceedings to
- 5 which you're referring there, is that the proceeding
- 6 in Docket No. 10-0570?
- 7 A Yes.
- 8 Q And do you know which energy efficiency
- 9 plan in particular the Commission approved in that
- 10 order?
- 11 A Yes, I do.
- 12 Q And which one was that?
- 13 A It was the second three-year plan.
- 14 Q Okay. And do you know what date the
- 15 Commission issued its order in that docket?
- 16 A Not off the top of my head.
- 17 MR. JOHNSON: Okay. I have a cross exhibit for
- 18 this, but I can also just tell you what it is subject
- 19 to check.
- 20 MS. McNEIL: Are you just trying to get the
- 21 date?
- MR. JOHNSON: Yeah, December 21st, 2010.

- 1 MS. McNEIL: If you want to ask him subject to
- 2 check maybe he can --
- 3 MR. JOHNSON: Sure.
- 4 BY MR. JOHNSON:
- 5 Q Would you accept, Mr. Tolsdorf, subject to
- 6 check, that the date of that final order is
- 7 December 21, 2010?
- 8 A That sounds right, subject to check.
- 9 Q Thank you.
- 10 But this docket in particular concerns
- 11 plan year 2; correct?
- 12 A Correct.
- 13 Q Okay. And the plan years that were subject
- 14 to the order in 10-0570 were plan years 4 through 6;
- is that correct?
- 16 A That's correct.
- 17 Q Okay. And then moving on down to the block
- 18 quote on Page 3 of your direct testimony, I believe
- 19 you're quoting this order in support of your
- 20 disallowance; is that correct?
- 21 A That's correct.
- 22 Q Okay. And if I understand your testimony

- 1 correctly, the bolded language there -- which I'll
- 2 read -- it says, In ComEd's next reconciliation
- 3 filing, it should show how its current incentive
- 4 compensation costs relates to EE or how it is
- 5 tailored as incentive compensation for these
- 6 employees.
- 7 With respect to that language, am I
- 8 reading your testimony correctly that the
- 9 Commission's reference in December 2010 to the next
- 10 reconciliation docket refers to this docket, which
- was filed four months earlier in August 2010?
- 12 A No. I think it indicates that the
- 13 Commission believes that the Company needs to show
- 14 how incentive compensation relates to energy
- 15 efficiency. And I was demonstrating that that's the
- 16 Commission's ideas, not necessarily that it was
- 17 requiring 10-0537, this docket, to make that showing
- 18 at the outset.
- 19 Q Okay. Thank you.
- 20 All right. Let's move on. I think
- 21 we're still on Page 3 and moving down. Let's
- 22 actually move to Page 4. I'm looking at Line 71.

- I believe here you're testifying that
- 2 in your view ComEd has not shown that its AIP relates
- 3 to energy efficiency; is that right?
- 4 A That's correct.
- 5 Q And then if I can turn you to the top of
- 6 Page 5 of your direct, Lines 99 through 103. If you
- 7 can just read for me Lines 99 through 103, please.
- 8 A At the beginning of the line or the
- 9 beginning of the first sentence?
- 10 Q The beginning of the first sentence is
- 11 fine.
- 12 A The AIP used to determine the incremental
- 13 energy efficiency employees incentive compensation
- 14 uses metrics such as the frequency and duration of
- 15 outages. There is no correlation between the
- 16 duration of an outage and the number of CFLs
- installed during the program year or any other energy
- 18 efficiency measure. The incentive compensation cost
- incurred for the energy efficiency employees should
- 20 be disallowed from recovery through Rider EDA.
- 21 Q And then as a basis for your claim or
- 22 conclusion here, is it correct to assume that you

- 1 reviewed the annual incentive plans that are at issue
- 2 in this docket?
- 3 A Yes, I did.
- 4 Q And there's two such plans applicable to
- 5 plan year two; is that correct? It's the one for the
- 6 2009 calendar year and then the one for the 2010
- 7 calendar year?
- 8 A That's correct.
- 9 Q Okay. And we have two plans because plan
- 10 year two actually straddles two calendar years; is
- 11 that correct?
- 12 A That's correct.
- 13 Q Okay. And so as a result of your review,
- 14 your claim is that you found no relation between
- these AIP plans and energy efficiency; is that
- 16 correct?
- 17 A No substantive correlation, correct.
- 18 Q Although in your direct, you don't use the
- 19 term "substantive," do you?
- 20 A I believe I use that term in my rebuttal
- 21 testimony.
- 22 Q Okay.

- 1 MR. JOHNSON: Your Honor, what would you prefer
- 2 we do with the Staff Cross Exhibits 1 and 2? If I
- 3 would like to show those to Mr. Tolsdorf, would you
- 4 like me to just refer to those exhibits or mark them
- 5 also as ComEd's.
- 6 JUDGE HILLIARD: They're already in the record.
- 7 Why don't you refer to Staff Cross Exhibits 1, 2, and
- 8 3.
- 9 BY MR. JOHNSON:
- 10 Q Mr. Tolsdorf, do you have copies of the
- 11 Staff Cross Exhibits that were used with Mr. Fruehe?
- 12 A I have copies of the plans.
- 13 Q I think that will work. I will just refer
- 14 to the Staff Cross Exhibit numbering.
- 15 I'd ask you to turn to Staff Cross
- 16 Exhibit 2, which is ComEd's 2010 Annual Incentive
- 17 Program.
- 18 A Okay.
- 19 Q And is this one of the plans that you
- 20 reviewed in the course of preparing your testimony?
- 21 A Yes, it is.
- 22 Q Okay. And I'd like to just look at Pages 3

- 1 to 4 in particular. Some of this will be familiar
- 2 because I believe Mr. Feeley discussed it with
- 3 Mr. Fruehe.
- 4 On Pages 3 through 4, the AIP
- 5 identifies these funding key performance indicators;
- 6 is that correct?
- 7 A That's correct.
- 8 Q And what's your understanding of what a
- 9 funding key performance indicator is?
- 10 A My understanding is that those are the
- 11 metrics used to determine how much incentive
- 12 compensation will be paid.
- 13 Q Okay. And then as far as the definition of
- 14 what comprises these focus initiatives and
- 15 environmental index, I'd like to turn your attention
- 16 to the glossary toward the back of the document. I
- 17 believe it's on Page 8 in particular.
- 18 A Okay.
- 19 Q And just in the interest of time, I believe
- 20 during Mr. Fruehe's cross-examination, these were
- 21 read into the record. I think there's 13 of these
- 22 Focused Initiatives and Environmental Index

- 1 objectives.
- 2 Do you see those there in the center
- 3 of Page 8?
- 4 A I do.
- 5 Q And would you agree that the final two
- 6 there that reference to net megawatt hours saved in
- 7 parenthesis (EPPS) and dollars per kilowatt hour,
- 8 that those are the energy efficiency related metrics?
- 9 A Yes, I would agree.
- 10 Q Okay. And then in your direct testimony,
- 11 however, you didn't reference these metrics; is that
- 12 correct?
- 13 A That's correct.
- 14 O Okay. And so I think -- and correct me if
- 15 I'm wrong -- but you only acknowledged or addressed
- 16 these in your rebuttal testimony after Mr. Fruehe had
- 17 raised them in his rebuttal; is that correct?
- 18 A That's correct.
- 19 Q Just switching gears a little bit, I think
- 20 from reading your testimony correctly, including both
- 21 your direct and rebuttal, that another criticism you
- 22 had of the AIP was that you didn't believe it was

- 1 tailored to the incremental EE employees; is that
- 2 correct?
- 3 A That's correct.
- 4 Q Turning back to this Staff Cross Exhibit 2,
- 5 the 2010 AIP. And, again, I'm probably treading over
- 6 some ground that Mr. Feeley already covered; but
- 7 turning to Page 2, is it correct that the AIP award
- 8 also includes an individual performance multiplier?
- 9 A That's correct.
- 10 Q And I believe this performance multiplier
- is described on Page 6 in some detail. And, in
- 12 particular, under the heading "Individual Performance
- 13 Multiplier and Award Range, " I was wondering if you
- 14 could read for us the first sentence and then the
- 15 first bullet.
- 16 A The same ones that Mr. Fruehe read?
- 17 Q Yes.
- 18 A Sure.
- Once ComEd's performance is
- 20 determined, the amount of your individual award is
- 21 determined based on your target incentive opportunity
- 22 and your individual performance multiplier. The

- 1 annual performance review process determines your
- 2 individual performance multiplier based on your
- 3 individual performance and your personal contribution
- 4 to your team during the year. The IPM can range from
- 5 50 percent to 120 percent or zero percent relative to
- 6 your annual performance rating on a 5 point rating
- 7 scale A, B+, B, B-, C.
- 8 Q Thank you.
- 9 And is it correct that nowhere in your
- 10 direct or rebuttal do you address how this individual
- 11 performance multiplier is tailored to these AIP --
- 12 that's reflected in the AIP is tailored to these
- incremental employees?
- 14 A That's correct.
- 15 Q And is it also true that nowhere in your
- 16 direct or rebuttal do you acknowledge that the EE
- 17 employees incentive compensation is based on his or
- 18 her individual performance and personal contribution
- 19 to the EE Team; is that correct?
- 20 A Would you repeat that question.
- 21 Q Sure.
- I'm just confirming that nowhere in

- 1 your direct or rebuttal do you discuss this
- 2 individual performance multiplier, and in particular,
- 3 how an individual EE employee's performance and
- 4 personal contribution to that team, the Energy
- 5 Efficiency Team, plays into their award under the
- 6 AIP?
- 7 A That's correct.
- 8 Q And with respect to the second and third
- 9 bullets under the individual performance multiplier
- 10 section, I just also wanted to confirm that you don't
- 11 address those anywhere in your direct or rebuttal
- 12 testimony; is that correct?
- 13 A That's correct.
- 14 O Okay. Mr. Tolsdorf, switching to a little
- 15 bit different of a topic, in your rebuttal testimony
- 16 I believe you addressed a customer benefit issue; is
- 17 that correct?
- 18 A That's correct.
- 19 Q Okay. And in doing so, you cited to a few
- 20 different Commission orders, I believe, regarding
- 21 what you believe to be the Commission's policy on the
- 22 recovery of incentive compensation cost; is that

- 1 correct?
- 2 A That's correct.
- 3 Q Okay. In particular I wanted to look at
- 4 your rebuttal testimony, I think it's Page 4 and
- 5 you're citing to the Commission's order in Docket
- 6 No. 10-0467, which for shorthand I'll just refer to
- 7 it as ComEd's 2010 rate case order.
- 8 A That's fine.
- 9 Q So on Page 4 -- let's see -- I'm looking at
- 10 lines 81 through 83. If you could just read those
- 11 for us.
- 12 A Hold on. I was looking at my direct.
- What lines again?
- 14 Q 81 through 83 of your rebuttal.
- 15 A The Commission has a long standing policy
- 16 of allowing incentive compensation costs when those
- 17 costs benefit ratepayers.
- 18 Q Okay. And in your review of that 2010 rate
- 19 case order, did the Commission approve the recovery
- 20 of ComEd's incentive compensation cost under the AIP?
- 21 A I believe it did.
- 22 Q Okay.

- 1 A That was based on energy efficiency
- 2 employees.
- 3 O Right. Because the incremental EE
- 4 employee's costs are recovered through Rider EDA;
- 5 correct?
- 6 A They're supposed to be.
- 7 Q Okay. And the test year in the 2010 rate
- 8 case, that was a 2009 test year; is that correct?
- 9 A That's correct.
- 10 O Okay. So the incentive compensation cost
- incurred under that would be the 2009 AIP were
- 12 approved as prudent and reasonable and benefiting
- 13 customers in the 2010 rate case order; is that
- 14 correct?
- 15 A That's my understanding.
- 16 Q Okay. But in this docket you proposed to
- 17 disallow incentive compensation costs, some of which
- were incurred under that 2009 AIP plan; correct?
- 19 A That's correct.
- 20 Q The final topic I wanted to talk with you
- 21 about briefly, Mr. Tolsdorf, was just the
- 22 disallowance in general. If I could turn to Schedule

- 1 3.2 of your rebuttal, I believe that schedule
- 2 identifies the disallowance, which I believe it's
- 3 Line 15, the total Staff adjustment?
- 4 A That's correct.
- 5 Q The \$262,929?
- 6 A Correct.
- 7 Q And you're not proposing any alternative
- 8 cost recovering mechanism or docket through which
- 9 these costs can be recovered; is that correct?
- 10 A That's correct.
- 11 Q Okay. And are you generally aware that all
- 12 of ComEd's incentive compensation costs were
- 13 recovered during the plan year one docket?
- 14 A It's my understanding that the issue of
- incentive compensation was not brought before the
- 16 Commission in the plan year one docket.
- 17 Q But there was no disallowance; is that
- 18 correct?
- 19 A That's correct.
- 20 Q Okay. And then with respect to the
- \$263,000 figure, I understand we have one cross
- 22 exhibit admitted that ComEd agreed to and there was

- 1 another exhibit related to that that we also sought
- 2 to have admitted into evidence, which is ComEd's data
- 3 request response to ST 1.06. And I believe that was
- 4 sent down to Springfield in advance and I can give
- 5 you -- it should be Exhibit E. So if Exhibit E can
- 6 be presented to Mr. Tolsdorf, we'll pass it out here
- 7 as well.
- 8 MR. JOHNSON: May I approach, your Honor.
- 9 JUDGE HILLIARD: Yes.
- 10 BY MR. JOHNSON:
- 11 Q Have you had a chance to look at that
- 12 exhibit Mr. Tolsdorf?
- 13 A Yes, I have.
- 14 O And does that lok familiar? Have you
- 15 reviewed that before?
- 16 A Yes.
- 17 Q Okay. All right. And in this request -- I
- 18 might have to look over Staff's shoulder because I'm
- 19 out of copies. But I believe in part the question
- 20 was Subsection B in particular, ComEd was identifying
- 21 the amount of incentive comp, if any, included in the
- 22 total compensation. And ComEd responded in Subpart B

- 1 with a figure that's \$96,148.06; is that correct?
- 2 A That's what Part B says.
- 3 Q Okay. And in your proposed disallowance is
- 4 \$263,000; is that correct?
- 5 A My proposed disallowance is to remove the
- 6 incentive compensation costs that were paid to the 17
- 7 incremental employees during plan year two.
- 8 Q But nowhere in your direct or rebuttal
- 9 testimony did you take issue with the \$96,000 figure;
- 10 is that correct?
- 11 A That's correct.
- 12 Q Okay.
- MR. JOHNSON: I have no further questions, your
- 14 Honor.
- 15 EXAMINATION
- 16 BY
- 17 JUDGE HILLIARD:
- 18 Q Mr. Tolsdorf, what's the difference between
- 19 the \$96,000 and the \$263,000?
- 20 A The \$263,000 is what was paid to the
- 21 individual incremental employees. The \$96,000 is
- 22 what the Company allocated to the Department. The

- 1 rest was allocated to other departments and
- 2 presumably collected through base rates.
- JUDGE HILLIARD: Thank you.
- 4 Do you have any redirect for
- 5 Mr. Tolsdorf?
- 6 MS. McNEIL: Can we just have a minute to talk
- 7 with him.
- 8 JUDGE HILLIARD: Yes.
- 9 (Whereupon, a discussion was had
- off the record.)
- JUDGE HILLIARD: Do you have any redirect?
- MS. McNEIL: Just a short couple of questions.
- 13 JUDGE HILLIARD: Okay.
- 14 REDIRECT EXAMINATION
- 15 BY
- MS. McNEIL:
- 17 Q Mr. Tolsdorf, we've been looking at Staff
- 18 Cross Exhibit 2, which is the 2010 plan. If I could
- 19 direct you to Page 10 of the plan.
- In there if you see it says, The total
- 21 ComEd funding KPI performance is 58 percent?
- 22 A Yes. I see that.

- 1 Q Do the energy efficiencies KPIs have an
- 2 impact on that number?
- 3 A They do, but it's negligible at best. That
- 4 58 percent is based on a focussed initiative
- 5 environmental index goal weighting of 15 percent.
- 6 The energy efficiency KPIs represent 2 of 13 plans
- 7 within that index. So if you apply equal weighting
- 8 to each of those plans, it's 15 percent of the
- 9 15 percent or about 2 percent. So the incentive
- 10 compensation -- about 2 percent of it would be
- 11 related to energy efficiency, whereas the other 98
- 12 percent has nothing to do with energy efficiency; but
- 13 still would be paid to the incremental employees.
- 14 O Thank you, Mr. Tolsdorf.
- 15 MS. McNEIL: That's all the redirect I have.
- 16 JUDGE HILLIARD: Any recross?
- 17 MR. JOHNSON: Nothing further.
- 18 JUDGE HILLIARD: Thank you, Mr. Tolsdorf.
- 19 You're excused.
- Do you have anything else?
- 21 MS. McNEIL: I don't think there's anything
- 22 else from Staff.

- 1 MR. JOHNSON: Nothing further. Perhaps off the
- 2 record we should discuss --
- 3 JUDGE HILLIARD: Scheduling?
- 4 MR. JOHNSON: Yes. ComEd, I believe, Cross
- 5 Exhibit 1 which was Staff Data Request -- response to
- 6 Staff Data Request ST 1.06, we move for admission of
- 7 that into evidence.
- 8 JUDGE HILLIARD: Any objection?
- 9 MS. McNEIL: No objection.
- 10 JUDGE HILLIARD: ComEd Cross Exhibit 1 is
- 11 admitted into evidence.
- 12 (Whereupon, ComEd Cross Exhibit
- No. 1 was admitted into
- 14 evidence.)
- 15 JUDGE HILLIARD: So is this heard and taken
- 16 then?
- 17 MR. JOHNSON: Yes.
- MS. McNEIL: Yes.
- 19 Heard and taken.
- 20 (And those were all the
- 21 proceedings had.)

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